

85th Legislative Session – 2010

Committee: Joint Appropriations

Thursday, January 14, 2010

P - Present
E - Excused
A - Absent

Roll Call

P Ahlers
P Burg
P Bartling
P Dennert
P Hundstad
P Wismer
P Novstrup (Al)
P Brown
P Carson
E Deadrick
P Peters
P Wink
P Haverly
P Putnam
P Hunhoff (Jean), Chair
P Tidemann, Vice-Chair

OTHERS PRESENT: See Original Minutes

The meeting was called to order by Senator Jean Hunhoff.

Department of Corrections

Secretary Tim Reisch and Deputy Secretary Laurie Feiler appeared before the Joint Appropriations Committee to present the department's FY2011 budget request. Also in attendance were Scott Bollinger, Richard Decker, Michael Winder, Doug Weber, Doug Herrmann, Darwin Weeldreyer and Jackie Hanson. Document #1 was distributed.

The department's Top Five Priorities include:

Priority No. 1 - To enhance the safety of the citizens of South Dakota by operating quality facilities and by employing evidence-based practices for juvenile and adult offenders committed to our custody.

Priority No. 2 - Reducing the recidivism rates of both juvenile and adult offenders by 50% over the next five years.

Secretary Reisch told the Committee the national average for recidivism is 1 in 31; however South Dakota's rates are 1 in 40. Over the last decade there has been a 40% increase in prison population and a 140% increase in parole population. Along with those increases, the department's budget has more than doubled in the same time frame.

In regard to the significant impact recidivism has on the prison population, Secretary Reisch said most inmates are not first-time felons; many have prior admissions. The rates for recidivism in South Dakota are 29.9% for the first 12 months, 39.3% for 24 months and 44.8% in 36 months. These numbers are for both male and female inmates.

Secretary Reisch spoke to the Federal Second Chance Act grant, which was funded by Congress in 2009. In order to qualify for this grant, South Dakota needed a Reentry Council and that council was appointed by Governor Rounds.

The Adult Second Chance Act Grant was awarded in the amount of \$749,749 in federal funds with a \$374,860 in-kind match and a \$374,986 cash match per year. This grant is renewable for 2 years. Staff supported by the grant includes a project manager, two local site coordinators and a transition case manager. Program sites are Sioux Falls and Rapid City. The department's goal is to reduce recidivism by 50% over 5 years. Representative Peters asked for the funding source of the cash match. Scott Bollinger said the cash resources would be other funds from company 3023, the Department of Corrections Local and Endowment funds.

The department was also awarded a juvenile Second Chance Act grant. South Dakota was the only department in the nation that received both adult and youth grants. South Dakota's youth recidivism is 46% for one year. The department's goal is to reduce the rate of recidivism by 50% over a 5-year period for youth released statewide. Secretary Reisch said the number of youth incarcerated has dropped by 20%.

The Youth Offender Reentry Initiative grant amounts to a 3-year grant period with \$749,559 in federal funds, \$374,836 cash match and \$374,792 in-kind match. Senator Hunhoff asked how the department is going to evaluate accomplishments on a yearly basis for the grant work. Secretary Reisch said the grants require a research component and that data will be provided to the Committee next year.

Priority No. 3 – Providing highly effective community supervision to offenders upon their release.

Senator Hunhoff asked what the outcome would be for this priority. Secretary Reisch said it would be how far they could reduce the recidivism rates. Senator Hunhoff asked that the performance measures be provided to the Committee.

Priority No. 4 – Opening the new minimum-custody unit in Rapid City.

Secretary Reisch said this activity, which has been a long process, started 7 years ago. Currently the process is on hold due to a court case and the Supreme Court's decision isn't expected until late fall of 2010. The significant need for West River beds remains. Currently there are 1,010 male inmates from the Black Hills area and 255 male inmates from the Black Hills area are minimum custody. At the present time there are 102 beds in Rapid City. Secretary Reisch said the project delay has cost the taxpayers dearly. If the Department had not been sued the parole office would be open and the housing unit would open in November 2010.

Priority No. 5 – Completing the installation and implementation of our new offender management system and making offender information more easily accessible to the public.

Secretary Reisch said the South Dakota Department of Corrections ranks high among other state departments of correction; however, one area South Dakota lacks in is accessibility of information to the public. The department is currently on track to implement the new system in phases. The expected project total is \$6,135,465. Senator Haverly asked if the department looks into outside contracts for computer servers and development costs. Secretary Reisch said because they use the state system, they go with BIT. Representative Peters asked for the funding source for the \$421,325 in Contingency funds. Secretary Reisch said the funds are merely contingency funds if things go over project costs; although the process is currently on track with costs. Senator Haverly asked if the department has a computer technician. Secretary Reisch said the department has one employee and two BIT employees who work on department computer issues.

Joint Committee on Appropriations Informational Requests

In response to questions from the Committee, Secretary Reisch provided the following information:

Effectiveness Measures of the Intensive Methamphetamine Treatment Program:

IMT Completers: 15.2% out at least one year

All Female Inmate Releases: 25.8% within one year of release

Effectiveness of ongoing adult education programs:

A total of 615 inmates (male and female) have received their GED since FY2007. The GED graduates include 23.7% male and 22.2% female with an overall recidivism rate of 30.7% for males and 25.8% for females.

Representative Tidemann asked what the education program cost and how many inmates come into the system without a high school or GED diploma. Ms. Feiler said an average of 25% of the inmates do not have a high school diploma or GED and for those leaving the system; it is less than a dozen per year.

Secretary Reisch presented information that showed Administration uses 1.6% of the budget, Adult Corrections uses 63.8% and Juvenile uses 34.6%. General fund increases amount to \$501,086.

In response to questions from Senator Brown and Senator Ahlers regarding excess personal services dollars, Secretary Reisch told the committee that the majority of the of the \$1.6 million was used to purchase land and buildings for a new minimum prison unit in Rapid City. In addition there are always things that need to be taken care of in the Corrections system, some for safety reasons and others for delayed maintenance. These items are handled on a case by case basis. Secretary Reisch said that personal services dollars were available due to the closure of the Redfield Unit midyear, delaying the hiring of necessary FTE, and eliminating overtime. Representative Tidemann asked for information about the department's 885 FTEs; how many were vacant, the number of overtime hours reduced, and the number of FTEs that were reduced due the closure of the Redfield Unit. In response to Senator Hundstad's question, Secretary Reisch explained the transfer of \$1 million from Pheasantland Industries to the general fund.

For FY11, the Governor recommends an increase of \$769,558 from all funds from FY10. The FY11 recommended budget consists of \$76,362,538 from general funds, \$21,014,940 in federal fund expenditure authority, and \$9,605,000 in other fund expenditure authority, for a total budget of \$106,982,478 and 885.0 FTEs.

Secretary Reisch told the Committee the average daily count of adult inmates is projected to reach 3,585 in FY11. This represents an increase of 157 inmates over the actual FY09 ADC of 3,428 or a 4.6% increase over two years. The average daily population of juveniles in institutional settings with the department is projected at 149 for FY11, which is a 3.5% increase over two years.

Division of Administration

The total recommended budget for the Division of Administration consists of \$9,876,449 from general funds, \$10,625,652 in federal fund expenditure authority, and \$490,314 in other fund expenditure authority, for a total budget of \$20,992,415 and 35.5 FTEs.

- The Governor recommends an increase of \$51,712 (\$34,795 federal funds, \$17,395 other funds) and 1.0 FTE to fund the Program Manager for the Second Chance Prisoner Reentry grant program. The Governor also recommends an increase of \$12,634 (\$10,741 general funds, \$1,272 federal funds, \$621 other funds) for the employer paid portion of state health insurance plan. The Governor recommends an increase of \$3,290 (\$2,193 federal funds, \$1,097 other funds) for instate travel/meals for the new program manager.

The Governor recommends a net increase of \$1,163,624 for FY11 in contractual services. These include:

- An increase of \$176,327 from general funds for projected medical expenses of correctional health care agreements with the Department of Health;
- An increase of \$30,382 from general funds for the employer paid portion of the state health insurance plan for the contract with Department of Health for inmate health services.
- An increase of \$76,707 in general funds and a corresponding decrease of \$76,707 in federal fund expenditure authority to adjust for ARRA Stabilization;
- A decrease of \$54,000 in federal fund expenditure authority due to the elimination of the Prison Rape Elimination Act grant and to align Byrne Grants with anticipated expenditures in FY11; and
- An increase of \$1,010,915 (\$673,875 in federal funds, \$355,192 in other funds) due to the department receiving a Second Chance Prisoner Reentry Grant award to assist in activities to reduce adult inmate recidivism rates in South Dakota.

TOTAL ADULT CORRECTIONS

Doug Weber, Chief Warden, presented the Adult Corrections budget. In follow-up to previous discussion on recidivism, Warden Weber said forty-five percent of the committals are new to the corrections system. Noted reductions in budgets involve the new food contract which is a 5-year contract. On the adult side the contract is the same for 2 years and after that the CPI for food services applies.

The total recommended budget for Total Adult Corrections consists of \$41,363,156 from general funds, \$1,138,718 in federal fund expenditure authority, and \$8,259,734 in other fund expenditure authority, for a total budget of \$50,751,608 and 664.5 FTEs.

Mike Durfee State Prison

The total recommended budget for Mike Durfee State Prison consists of \$12,436,936 from general funds, \$154,588 in federal fund expenditure authority, and \$409,114 in other fund expenditure authority, for a total budget of \$13,000,638 and 179.5 FTEs. This facility has an inmate capacity of 1,300 male inmates.

State Penitentiary

The total recommended budget for the State Penitentiary consists of \$18,248,413 from general funds, \$502,704 in federal fund expenditure authority, and \$229,662 in other fund expenditure authority, for a total budget of \$18,980,779 and 286.5 FTEs. Warden Weber said a 2.7% growth in population is anticipated in the next fiscal year.

Women's Prison

The total recommended budget for the Women's Prison consists of \$3,126,460 from general funds, \$275,951 in federal fund expenditure authority, and \$151,814 in other fund expenditure authority, for a total budget of \$3,554,225 and 50.0 FTEs.

Pheasantland Industries

The total recommended budget for Pheasantland Industries consists of \$3,988,768 in other fund expenditure authority and 14.0 FTEs. This agency is self-sufficient and not dependent on general funds. This agency also does not compete with private industries.

- The Governor recommends an increase of \$300,000 in other fund expenditure authority to purchase raw materials for the production of new license plates that will be issued beginning January 1, 2011. The total cost of the license plate issuance is \$3,640,000.

Community Services

The total recommended budget for the Community Services consists of \$3,849,610 from general funds, \$169,713 in federal fund expenditure authority, and \$3,195,517 in other fund expenditure authority, for a total budget of \$7,214,840 and 75.5 FTEs. Darwin Weeldreyer told the Committee 2,468,013 hours of labor were performed by inmates on projects around the state. Included in that number were 2,076 labor hours on flood response work and 105 hours on fire suppression. The number of inmates on work release in FY09 was 184. Projections for FY10 are 185 and 190 in FY11.

Intensive Methamphetamine Treatment (IMT) Program

Deputy Secretary Laurie Feiler told the Committee FY10 was the first year that the Intensive Methamphetamine Treatment Program budget was in the base and part of ongoing costs. The FY11 recommendation is \$700,005 in general funds and 9.0 FTE. As of September 30, 2009 there have been 271 participants in the IMT program with 109 completing the program. Representative Tidemann asked why there were so many failures in Phase 3 & 4. Ms. Feiler said with less supervision there is less ability to make the transition. The department is putting additional focus on case management and as part of reentry work; they are trying to protect the inmates from making bad decisions. Representative Wink asked if the use of drugs was down. Ms. Feiler said for the first quarter of the year, it appears for female inmates the number is down. The department does drugs tests continually (every 3 days for those in Phase 3). In Phase 4 the number of tests goes down. For the first quarter of the year, 1,232 tests were performed with no

positives. Of the 112 that completed the entire program, 31 have discharged their sentences, 67 are on parole, and 14 have returned to prison as parole violators.

Parole Services

Ms. Feiler briefed the Committee on Parole Services. The total recommended budget for Parole Services consists of \$3,701,737 from general funds, \$35,762 in federal fund expenditure authority, and \$274,859 in other fund expenditure authority for a total budget of \$4,012,358 and 59.0 FTEs. Currently approximately 2,400 individuals are under Parole and approximately 400 are doing parole for South Dakota offenses in their home state. Ms. Feiler told the Committee that parole agents have an average monthly caseload of 63.

- The Governor recommends an increase of \$47,972 (\$31,978 in federal funds and \$15,994 in other funds) and 1.0 FTE for a Community Transition Case Manager position under the Second Chance Prisoner Reentry Program. This position will be located at the SD Women's Prison. The Governor also recommends an increase of \$7,774 from general funds due to increased payments for worker's compensation claims from prior years and current claims from FY09.

Ms. Feiler spoke to the Adult Reentry Program. The department has a target population of those with an LSI of over 30 and under 30 years of age, those released on a suspended sentence and those released to a community transition program. The programs and services are prison based, have a transition period and are community based in Sioux Falls and Rapid City. Senator Bartling asked where the inmates considered for this program were currently housed. Ms. Feiler said the inmates are usually targeted when they first are committed and could be located anywhere in the system.

The Adult Reentry Program will involve:

Prison based programs such as a need for more education, employability training, cognitive behavioral slots, and better case management,

Transition involving more intensive case management in the 6 months before they are released and

Community Based Services such as funding for half-way housing slots, for independent housing costs, additional chemical dependency treatment, mental health, employability, mentoring and local discretionary funds.

Senator Hunhoff asked what was not in place at the present time that this new grant program would provide. Ms. Feiler said housing costs, half-way costs, additional money for chemical dependency slots, case management, funds for employability classes, mentoring, and discretionary funds for services provided by local agencies. Senator Hunhoff asked what will happen when the grant runs out. Ms. Feiler said hopefully the rate of recidivism will decrease and help cut costs now being paid to house and care for the number of inmates.

Representative Tidemann asked programs activities will be one-on-one or group. Ms. Feiler said a lot of the programming is classroom based; however, case management and counseling is one-on-one.

TOTAL JUVENILE CORRECTIONS

Doug Hermann briefed the Committee on Juvenile Corrections. The total recommended budget for the Total Juvenile Corrections consists of \$25,122,933 from general funds, \$9,250,570 in federal fund expenditure authority, and \$864,952 in other fund expenditure authority for a total budget of \$35,238,455 and 185.0 FTEs.

Mr. Hermann said the number of youth under the Department of Corrections jurisdiction has dropped significantly since FY02 from a high of 1135 to 889 in FY09. Projections for FY10 are 865 and 850 for FY11.

In regard to the Youth Offender Second Chance Act grant, the department has two project sites. They include youth returning from placement to the Rapid City area and youth transitioning through West Farm, a community-based group living program operated by Volunteers of America-Dakotas.

Mr. Hermann said 25% of the youth that are discharged from Juvenile Corrections end up in Adult Corrections. Alcohol and/or drug use and technical reasons account for 67.1% of the aftercare revocations. Currently 14 and 15 year olds are being revoked at a higher rate than other ages.

Juvenile Community Corrections

The total recommended budget for the Juvenile Community Corrections consists of \$15,372,689 from general funds, \$8,715,221 in federal fund expenditure authority, and \$635,080 in other fund expenditure authority, for a total budget of \$24,722,990 and 48.5 FTEs.

Contractual Services – The Governor recommends an increase of \$908,125 for FY11. The increases include:

- An increase of \$150,610 from general funds due to increased costs for non-Medicaid eligible placements;
- An increase of \$97,794 from general funds and a decrease of \$53,888 in federal fund expenditure authority due to increased independent living costs and the loss of the Chafee Grant;
- A funding swap of \$431,623 from federal funds to general funds due to changes to the Federal Medical Assistance Percentages (FMAP) account;
- An increase of \$6,000 in other fund expenditure authority due to participation in Interstate Compact to assist in placement and transport of juveniles out-of-state;

- An increase of \$25,857 from general funds and \$168,756 in federal fund expenditure authority to add 2 beds to licensed foster care and inflation for serving 40 youth in foster care;
- An increase of \$120,250 from general funds for 3 additional beds at West Farm due to additional use of their services; and
- An increase of \$392,746 (\$261,804 federal funds, \$130,942 other funds) due to the award of the Second Chance Youth Offender Reentry Grant.

The average daily population of DOC youth on aftercare in FY09 was 422. Projected numbers for FY10 are 440 and for FY11 450. The average daily count of youth in private placement in FY09 was 61 out-of-state and 184 instate. Projected numbers for FY10 are 60 out-of-state and 170 instate and for FY11 55 out-of-state and 175 instate.

Representative Peters asked for an explanation of the \$97,794 increase and decrease of \$53,888. Mr. Hermann said the \$53,888 was used for independent living costs and the grant is no longer available. Mr. Bollinger further explained the \$97,794 increase was for the number of additional beds and the types of bed needed. Senator Hundstad asked about the loss of the grant and was the money's use successful. Mr. Bollinger said while the grant ran out and the department was not able to reapply it did consider the programs previously funded to be successful. Senator Ahlers asked if the programs paid for by the grant were eliminated. Mr. Hermann said they will continue the services.

Representative Peters asked about the changes regarding youth at West Farm. Mr. Hermann told the Committee the program at West Farm is operated by Volunteers of America. The youth had previously been educated in either Sioux Falls or West Central; however, as a result of an agreement between Volunteers of America and West Central, the youth will be educated at West Farm and transition to West Central high school when they are ready.

Senator Hunhoff asked for the location of the additional 2 beds in licensed foster care. Mr. Hermann said they were operated by the Northeast Mental Health Center. The facility is licensed at 27 and historically runs at 25.

Youth Challenge Center

The total recommended budget for the Youth Challenge Center consists of \$1,467,207 from general funds and \$14,942 in other fund expenditure authority for a total budget of \$1,482,149 and 26.0 FTEs.

Patrick Henry Brady Academy

The total recommended budget for the Total Patrick Henry Brady Academy consists of \$1,439,389 from general funds and \$14,280 in other fund expenditure authority for a total budget of \$1,453,669 and 26.0 FTEs.

State Treatment and Rehabilitation Academy (STAR)

The total recommended budget for the State Treatment and Rehabilitation Academy consists of \$5,270,440 from general funds, \$535,349 in federal fund expenditure authority, and \$188,000 in other fund expenditure authority, for a total budget of \$5,993,789 and 56.5 FTEs. STAR's capacity is 168 (both male/female) and is currently at 138-140.

Mr. Hermann briefed the Committee on the installation of the biomass heating system at Star Academy. Senator Brown asked how long it will be before the loan is paid; Mr. Hermann said 11-12 years. Cumulative savings from February 08 to November 09 is \$341,310.

QUEST/ExCEL

The total recommended budget for Quest/ExCEL consists of \$1,573,208 from general funds and \$12,650 in other fund expenditure authority for a total budget of \$1,585,858 and 28.0 FTEs.

Mr. Hermann said the average length of stay in days for STAR Academy in FY09 was 132 at Quest and 87 at Excel. Projected numbers for FY10 and FY 11 is 135 for Quest and 85 for Excel.

Additional Testimony

Betty Oldenkamp with Lutheran Social Services spoke to the Committee on the South Dakota Association of Youth Care Providers. Document #2 was distributed. Ms. Oldenkamp emphasized that treatment of youth works. Six months after youth leave the program, 74% are in a less restrictive environment. Ms. Oldenkamp said services provided by youth care providers is a \$35.8 million industry of which 68% is personnel costs, employing 975 people. The providers are all licensed and contract through the state for the services provided. In FY09 1,650 youth were served in residential programs. Seventy-two percent or 158,747 days of residential care were for youth in state custody.

Representative Wink asked if the providers had a standard rate or was each contract different. Ms. Oldenkamp said each provider has a different rate and that rate is established by the Department of Social Services.

Senator Ahlers questioned the requested increase in travel money in the total department budget. Secretary Reisch assured the Committee the department did comply and still does comply with the Governor's mandated reduction of travel; however, Secretary Reisch believes the difference goes back to the time the budget is requested and when it is submitted, a one-year gap in time. Secretary Reisch will have staff look at costs now that the FY10 budget is 6 months old and provide information to the Committee.

Unified Judicial System

Mr. David Gilbertson, Chief Justice of the Supreme Court; **Ms. Patricia Duggan**, State Court Administrator; and **Ms. Janet Borchard**, Director of Budget and Finance; provided a PowerPoint presentation updating the committee on the agency's FY11 budget request. **(Document #4)**

Ms. Borchard stated that the total recommended appropriation for FY11 is \$45,403,385 and 527.4 FTEs comprised of \$35,681,213 from the general fund, \$393,539 in federal funds, and \$9,328,633 in other funds. The recommendation is an increase of \$2,527,827 from FY10 with the recommended appropriation from the general fund increasing \$362,504, in federal funds \$770, and in other funds \$2,164,553. The major increases are:

- \$192,208 for employee health insurance;
- \$70,530 in judicial training due to the new case management system;
- \$240,000 in referee services for hearing modifications;
- \$1,845,474 in information and technology for a new court management system; and
- \$179,615 in capital assets for court house remodels in five counties.

Senator Dan Ahlers inquired about the travel budget. Ms. Duggan stated that the Unified Judicial System (UJS) voluntarily complied with the travel restrictions the Governor placed on the Executive Branch. The travel budget request for FY10 was less than FY09, and the request for FY11 is held to the FY10 levels.

Senator Ahlers asked about the increase in supplies and material from FY09 to FY11 when products have been purchased to provide better and more efficient services. Ms. Duggan stated that the UJS will research the topic and respond to the committee.

Senator Julie Bartling asked if the \$52,000 in other fund expenditure authority for judicial training will drain the Law Enforcement Officer's Training Fund (LOETF). Ms. Duggan responded that the fund is managed by the Office of the Attorney General. After discussing the concept with them, she does not think there will be opposition to this increase.

Ms. Borchard said, in response to a question posed by Representative Deb Peters, that the UJS receives the projected case numbers requiring referee services from the Department of Social Services (DSS). The DSS projects 3,510 cases and the UJS needs other fund authority to cover those cases.

Representative Peters asked about the expenses paid by the Court Automation Fund. Ms. Duggan stated that the fund would include payments for the new case management system.

In response to Representative J. E. "Jim" Putnam's question pertaining to the funding for the court management program, Ms. Borchard said that the current cycle is paid with LEOTF funds

and a previous cycle was paid with available general funds from each circuit court budgets at the end of the fiscal year.

Priorities

Distributed to the committee was a brochure that outlines the UJS's strategic plan. (**Document #5**) Ms. Duggan said that the brochure lists the key focus areas that have been adopted by the UJS that are intended to be long-term initiatives. The FY11 top five priorities include:

1. Technology;
2. Staffing;
3. Resources;
4. Rural issues;
5. Access; and
6. Public trust.

Ms. Duggan informed the committee that 90% of the UJS budget is dedicated to court cases that come into the system. The budget is also very labor intensive with 85% dedicated to personal services.

Representative Quinten Burg asked about the benefits of switching to the new case management system. Chief Justice Gilberston responded that the new system will maximum the use of court rooms, improve witness scheduling, and enhance judges time spent on cases/court rooms. The new case management system will make the entire UJS system more efficient.

Ms. Duggan told the members that a cost-benefits analysis was performed to determine if purchasing a new system or creating a system in-house was the most efficient use of time and resources. Based on the analysis, it was concluded that it would take 15 years for the UJS to create the same system in-house. The end cost is about equal.

Senator Jean Hunhoff asked if the new system will be completely replacing the current system. Ms. Duggan stated that the new system will replace some of the old system.

Ms. Duggan explained to the committee that the UJS shares court automation data with outside entities, listed on slide 11 of Document #4. The new system will provide benefits to the entities that share the information.

In response to committee questions, **Ms. Pam Templeton**, Information and Technology Division, said that the case management system allows for two-way interfacing so an agency can pull data from another agency. The UJS is able to send and receive information from other agencies. Some agencies will need to modify their programs to match the new system.

Senator Hunhoff asked if other agencies will need to update technology to match the new case management system. Ms. Duggan said the UJS is working with the Bureau of Information and Telecommunication (BIT) to see if upgrades are needed.

The current program was installed in 1988. Ms. Duggan stated that the UJS is dedicating lots of resources to a system that is over 20 years old. About 43% of all help desk calls from the UJS are related to the old system.

Slides 14 – 17 of Document #4 are examples of the different types of systems used in the UJS. There are a variety of programs and employees need to use multiple programs to work. The new case management system would be a simpler and more user friendly system that would integrate all the previous old programs.

In response to Representative Putnam's question, Ms. Duggan stated that all the data entered by the UJS is secure and protected, even with two-way interfacing.

Ms. Duggan stated that the UJS compared both options. To purchase a new case management system, it would cost \$8.849 million for contract, \$2.6 million in UJS costs, \$338, 000 to \$541, 000 per year in maintenance, and would be installed in 30-48 months. To create the system in-house, it would have \$8.6 million in vendor costs, \$37 million in UJS staff costs, and up-to 15 years to install.

Senator Ahlers asked about the maintenance cost. Ms. Duggan said there is a range and there will not be any maintenance cost while the system is being installed. **Mr. Kent Grode**, Information and Technology Division, responded that the maintenance cost includes support personal and any new system changes, upgrades, features, or services. The system can have yearly updates and the range for maintenance cost is the average cost.

In response to Representative Tidemann's question, Ms. Duggan stated that the \$8.849 million contract is the total cost for five years, which includes the system, training, etc.

The new case management system is projected to cost \$11,850,170. This total is comprised of \$8,849,321 for vendor contracts, \$2,666,949 in UJS costs (which included new and existing/reallocated costs), and \$333,900 in the contingency fund. Funding for the new system will be from an increase in the Circuit Court and Supreme Court Surcharges that flow into the Court Automation Fund. The revenue generated in the Court Automation Fund comes from:

- Circuit Court Surcharge;
- Fax filing fees;
- Victims' compensation 3% administration;
- Interest earned;
- Information requests

- Nonresident attorney fees
- Search fees
- Supreme Court Surcharge;
- CD transcripts; and
- Other miscellaneous fees.

The proposed increases for each surcharge are listed on slide 24 of Document #4.

Representative Dennert asked if there will be a reduction of FTE with the installation of the new system. Ms. Duggan responded that there will not be a decrease in staff at this time. It is expected that the number of FTEs will not change but the responsibilities of the positions will change. This will be determined through an internal audit.

Representative Tidemann inquired about a statute addressing accounts receivable. Ms Borchard responded that every year, the judicial accounting system produces a report that shows which accounts have not had activity in six months. Accounts with payments are referred to as accounts receivable and accounts without payments for six months are referred to as doubtful accounts.

In response to Senator Hunhoff's and Representative Lance Carson's questions Ms. Borchard stated that accounts are not written-off, but the judge does have the authority to waive the fees at the time of the case.

Senator Hunhoff asked about the average balance for the doubtful accounts over the past 3 -4 years. Ms Duggan responded that the doubtful accounts include the city fines, county fines, state fines, petty offense fines, court automation surcharge, state penalty amount, city penalty amount, small claims postage, divorce fees, and cash fees. The ending balance for the surcharge in FY07 was \$348,457 and the total balance was \$13,407,582. In FY08, the total ending balance was \$18,345,573 with the surcharge balance totaling \$550,906. On July 29, 2009, the total amount of doubtful accounts was \$20,880,000 with the surcharge totaling \$634,050.

Representative Dean Wink asked about the money that is distributed to the school districts. Ms. Duggan stated that there is a hierarchy for the order to apply payments. (shown on slide 25 of Document #4.) Ms. Borchard commented that the payments distributed to the counties are distributed to the school districts.

Representative Peters inquired about the payment plan for the new case management system. Ms. Borchard told the committee that there are different types of costs paid from this system – services, travel, license fees, and maintenance fees. Every cost has a different pay schedule. The maintenance fees are typically due in January; which will start in January of FY11. For the license fees, a payment of \$280,200 will be made this fiscal year, a payment of \$616,440 in FY11, and \$896,640 in FY12.

Senator Hunhoff requested the UJS provide a payment schedule for the committee.

Ms Duggan stated that the revenues from the increased surcharge are estimated to be \$1.327 million per year. General funds are not expected to be needed in the first two years of the installation if the surcharge increase is approved. However, depending on economic turnaround and collections efforts, a general fund appropriation may be needed in the third year.

The timeline for installing the new case management system is 30 – 48 months. The soft kick-off and training is scheduled to start in January 2010 and the final evaluation is scheduled for July 2013 to January 2014. Ms. Duggan informed the committee that a fit analysis is scheduled for February to May 2010. At this time, the UJS has an opportunity to get out of the contract of the new system does not meet the needs of the state or if the cost is more than anticipated.

Senator Hunhoff commented that the timeline starts before the approval of general funds for the fiscal year. Ms. Duggan responded that the costs for the soft kickoff and training will be absorbed by the UJS. There is also an opportunity for the UJS to get out of the contract if the funding is not approved.

Northern Hills Drug Court

Ms. Duggan referred the committee to the “Northern Hills Drug Court Program – Quarterly Report” (**Document #6**) and a chart listing a summary of savings associated with the drug court (**Document #7**).

The Northern Hills Drug Court program has been taken off of pilot status and included in the base budget of the UJS general fund budget for FY11.

Over the past two years, there have been savings from the implementation of the Northern Hills Drug Court. In 2008, it would have cost the state \$260,293 to place people in the penitentiary and pay for foster care. The cost of the drug court program in 2008 was \$196,974. Therefore, the state saved \$63,319 from the implementation of the drug court program in 2008. In 2009, it would have cost the state \$268,911 to place people in the penitentiary and pay for foster care. The cost of the drug court system was \$192,888 – a savings of \$76,023 in 2009.

Since the start of the program, 57 people have been referred to the program. Of those, 25 people have been accepted and formally enrolled in the drug court program. Five of the 25 people accepted to the program were returned to the sentencing judge and received penitentiary sentences. One person has successfully discharged from the program after graduation, is off probation, and is continuing to perform well. There are eight graduates from the program that are still on probation and being monitored. There are currently 10 active participants. Currently, there are four applicants pending.

Ms. Duggan noted additional benefits of the drug court program. The participants are earning income, paying treatment costs, paying child support, and paying federal income taxes. The participants are also volunteering and providing hours for community service.

In addition to the current program site, there are four possible sites for future drug courts. The sites include Brown County, Yankton County, Minnehaha County, and Davison County. Ms. Duggan stated that a drug court program could work in those counties based on offender release reports, felony DUI report, felony drug sentencing reports, and interest of the judges. It was noted that there needs to be commitment from the local stakeholders and community in addition.

MOTION: ADJOURN

Moved by: Carson
Second by: Wink
Action: Prevailed by voice vote.

Barb Bjorneberg and Lisa Shafer
Committee Secretary

Jean M. Hunhoff, Chair